

FOREIGN POWER SECURITIES
CORPORATION, LIMITED

Annual Report
For the Year ending October 31st, 1939

OFFICERS

President

A. J. NESBITT, Montreal

Vice-President

JAS. B. WOODYATT, Montreal

Directors

ROBERT DESPRES Paris, France
L. C. HASKELL..... Montreal
A. J. NESBITT..... Montreal
E. R. PARKINS, K.C..... Montreal
P. A. THOMSON..... Montreal
GUY M. TODD..... Montreal
JAS. B. WOODYATT..... Montreal

Secretary

L. C. HASKELL

Treasurer

CHAS. JOHNSTONE

Assistant-Secretary

V. J. NIXON

Assistant-Treasurer

T. IRVING

Fiscal Agents

NESBITT, THOMSON & COMPANY, LIMITED

Auditors

PRICE, WATERHOUSE & COMPANY

Head Office

355 ST. JAMES STREET WEST
MONTREAL
CANADA

FOREIGN POWER SECURITIES CORPORATION, LIMITED

(Incorporated under the Dominion of Canada Companies' Act)

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Balance Sheet *as at October 31st, 1939*

ASSETS

	1939	1938
Investments at Book Value.....	\$8,242,382.17	\$9,014,062.07
NOTE:—Based on quoted market prices (and including \$545,915.25 cost value of unquoted foreign securities) Investments at October 31, 1939, had, in Canadian Currency at exchange rates of that date, a value of \$2,149,619.98.		
Cash held by Montreal Trust Company	309,664.51	340,354.47
	<u>\$8,552,046.68</u>	<u>\$9,354,416.54</u>
Cash and Call Loan	140,313.47	165,733.02
Accrued Dividends and other Accounts Receivable	333.33	333.33
Prepaid Accounts	1,714.42	1,818.06
	<u>\$8,694,407.90</u>	<u>\$9,522,300.95</u>

LIABILITIES

TO THE PUBLIC:	1939	1938
First Collateral Trust 6% Bonds, Series "A", due 1949*		
Authorized \$50,000,000.00 of which \$5,000,000.00 were issued	\$1,906,000.00	\$1,983,000.00
Bond Interest Accrued*.....	47,650.00	49,575.00
Accounts Payable and Accrued Liabilities.....	2,152.15	3,010.32
Investment Reserve—being Profit on Sale of Securities (net).....	—	240,678.65
TO THE SHAREHOLDERS:		
6% Cumulative Participating Preferred Stock**		
Authorized—50,000 shares of \$100.00 each		
Issued —50,000 shares of \$100.00 each.....	5,000,000.00	5,000,000.00
NOTE:—Dividend in arrears \$45.00 per share.		
Common Stock (of No Par Value):		
Authorized—250,000 Shares of which 125,000 Shares are issued and outstanding at a stated value of.....	1,500,000.00	1,500,000.00
Earned Surplus:		
Balance as per statement attached.....	238,605.75	746,036.98
*Payable in Canada, London or New York at holder's option.		
**Redeemable at the option of the Company on any dividend date, after 30 days' notice, in whole or in part, at \$105.00 per share plus accrued dividends.		
	<u>\$8,694,407.90</u>	<u>\$9,522,300.95</u>

Approved on behalf of the Board:

A. J. NESBITT
JAS. B. WOODYATT } Directors.

FOREIGN POWER SECURITIES CORPORATION, LIMITED

Statement of Revenue and Expense and Earned Surplus

For the year ending October 31st, 1939

Dividends and Interest on Investments.....		\$ 96,080.00
DEDUCT:		
Interest on Bonds (including premium on exchange of \$511.44)	\$118,297.57	
Directors' Fees.....	1,360.00	
Executive Salaries.....	1,800.00	
Legal Fees.....	642.50	
Expenses.....	15,999.00	138,099.07
Excess of expenditure over revenue for the year ending October 31, 1939		\$ 42,019.07
Discount on Company's Bonds purchased for redemption.....		39,117.50
		<u>\$2,901.57</u>
Earned Surplus, Balance at October 31, 1938.....		746,036.98
		<u>743,135.41</u>
Deduct: Portion of amount written off Investments.		504,529.66
Earned Surplus, Balance at October 31, 1939.....		<u>\$238,605.75</u>

Auditors' Report to the Shareholders

We have made an examination of the books and accounts of Foreign Power Securities Corporation, Limited, for the year ending October 31, 1939, and have received all the information and explanations which we have required. We have verified the securities by inspection or by certificates from the depositaries, and we report that the Balance Sheet at October 31, 1939, in our opinion, shows the true financial position of Foreign Power Securities Corporation, Limited, at that date, according to the best of our information and the explanations given to us, and as shown by the books of the Corporation.

(Signed) PRICE, WATERHOUSE & CO.,
Auditors.

MONTREAL, December 12th, 1939.

FOREIGN POWER SECURITIES CORPORATION, LIMITED

355 ST. JAMES STREET WEST

MONTREAL

January 5th, 1940.

To the Shareholders:

Your Directors submit herewith the Annual Report for the year ended October 31st, 1939.

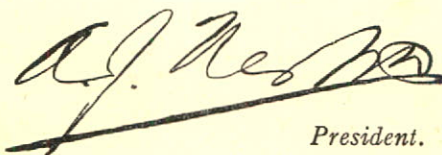
Reflecting the unsettled conditions in France and the decline of the Franc from 2.68¢ to 2.50¢ during the fiscal year, your Company's revenue has decreased. Bond interest was not fully earned, and the year's operations show a deficit of \$42,000. Notwithstanding this, the Company has paid its bond coupons which matured December 1st, 1939.

The value of the Company's holdings, based on Canadian currency, with exchange rates as of October 31st last, was \$2,149,619 (compared with \$1,760,438 a year ago) against a book value of \$8,242,382. Included in the amount of \$2,149,619 is the sum of \$545,915, being book value of unquoted foreign securities, which amount is probably in excess of their realizable value. This condition leaves the market value of the securities plus the cash held by the Montreal Trust Company, hypothecated to the Trustee as security for the Company's bond issue, somewhat below the 125% of the bonds issued and outstanding as stipulated in the Trust Deed.

During the year your Company purchased \$77,000 of its bonds, which were cancelled, thus reducing the issue outstanding to \$1,906,000.

Prices of some securities have improved slightly since the close of the fiscal year, but the outlook is obscure owing to war conditions.

Respectfully submitted on behalf of the Board.



President.

